

# COUNTY OF YORK

## MEMORANDUM

**DATE:** March 25, 2004 (BOS Mtg. 4/6/04)

**TO:** York County Board of Supervisors

**FROM:** James O. McReynolds, County Administrator

**SUBJECT:** Issuance by the Economic Development Authority of the City of Norfolk of Hospital Facility Revenue and Refunding Bonds in an amount not to exceed \$250 million for the benefit of Sentara Healthcare

As you are aware, Sentara Healthcare is constructing a new acute care hospital facility off Mooretown Road in York County. Sentara is also making major investments in its facilities in Norfolk and Virginia Beach. In order to finance all of these expenditures at the lowest possible costs, Sentara is issuing bonds for all of this work at one time. The total of this funding is not to exceed \$250,000,000. The hospital facility revenue bonds are being issued by the Norfolk Economic Development Authority because the majority of the bond proceeds will be used for a project at Sentara Norfolk General Hospital. As the bonds will also be financing work in York County, it is required that the Industrial Development Authority and the Board of Supervisors concur with the issuance of these bonds by the Norfolk Economic Development Authority. Fortunately, several years ago the York County IDA signed a regional agreement that in situations like this the IDA would receive 75 percent of its normal issuance fee for the amount of work financed in our locality. While the final figure has not been determined, Sentara estimates that it will be borrowing approximately \$85 million for the work in York County. Using this figure, the annual fee paid to the York County IDA will be approximately \$79,687. These bonds will be amortized over a 30-year period, and the fee will diminish as the principal is reduced.

It is the Board's policy that the Industrial Development Authority hold the required public hearing for the issuance of revenue bonds. The Industrial Development Authority held a public hearing for this bond on March 18, 2004, and passed a resolution concurring with the Norfolk Economic Development Authority issuing the bonds. Attached with this memorandum is a Certificate of Resolution, which summarizes the action taken by the Authority. It is now necessary for the Board of Supervisors to adopt a resolution concurring with the issuance of these bonds by the Norfolk Economic Development Authority.

Your approval of this resolution will assist Sentara in building the new York County acute care hospital facility and garner significant revenue for our Industrial Development Authority. I recommend that you approve the attached proposed Resolution R04-62.

Noel/3318

Attachments